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PLANS OF SOVIET CHEMICAL INDUSTRY TO SURPASS
US PRODUCTION IN NEXT TWO DECADES



CENTRAL INTELLIGENCE AGENCY
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PLANS OF SOVIET CHEMICAL INDUSTRY TO SURPASS
US PRODUCTION IN NEXT TWO DECADES

According to a statement in the May 1962 issue of Kommunist, the Soviet chemical industry, now about one-third as large as that of the US, may overtake its US counterpart by 1973 and achieve twice its size by 1980. ^{1/} This goal, which almost certainly will not be realized, is based on the highly ambitious plan for growth of the Soviet chemical industry that was announced last November at the 22nd Party Congress and on an unduly conservative projection of US chemical output. The rate of growth in Soviet chemical output has, however, accelerated during the past 3 or 4 years under the stimulus of a high investment priority, and maintenance of this priority would cause the gap between the US and Soviet industries to be significantly narrowed and possibly closed by 1980.

The Soviet economist who made the statement, N. Fedorenko, implicitly assumed that Soviet chemical output in 1960 was 30 percent of US output and that the US chemical industry would grow through 1980 at a rate of 4.8 percent per year, the rate of increase achieved in 1961.* Thirty percent appears to be a reasonable estimate of Soviet chemical output relative to that of the US, but a US growth rate of 4.8 percent appears low. The rate of growth of US chemical and rubber production during the period 1951-60 averaged about 6.5 percent per year.** The annual rate of growth of Soviet chemical production planned for 1961-80 is an ambitious 15.2 percent, about the same as that of the Soviet Seven Year Plan (1959-65). This rate is well above the average achieved in the last few years, even though the rate of growth has been accelerating. According to Soviet statistical reports, the rate of growth was 10 percent in 1959, 12 percent in 1960, 14 percent in 1961, and 17 percent in the first half of 1962. It is likely however that the same constraints which have created doubts that the Seven Year Plan for chemicals will be achieved -- chiefly lags in

*A weighted average of the Federal Reserve Board indexes for (1) chemical products and (2) rubber and plastics products indicates the combined output of these industries increased 4.8 percent in 1961. The Soviet definition of the chemical industry covers both of these categories.

**Including rubber and plastics products.

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technology and equipment -- also will hold for at least part of the Twenty Year Plan. In addition, the ambitious goals imply a continued heavy reliance on imports of chemical equipment from Western Europe.

Fedorenko also gave some significant details on the Twenty Year Plan not given in the first announcement. The new data emphasize the increasing importance of the chemical industry as a supplier of basic industrial materials -- by 1980, chemical fibers are to comprise 38 percent of the total supply of fibers used by the textile industry, 2/ and synthetic rubber apparently is to account for 90 to 95 percent of the total requirements of the rubber fabricating industry. 3/ It had been announced earlier that production of plastics (cubic measure) is to be 50 percent of steel production in 1980, compared with a planned 25 percent in 1965. 4/ The tremendous increase planned in production of plastics -- about 60-fold during 1961-80 -- is expected by Soviet planners to result by 1980 in an output 50 percent greater than that of the US.

The following table shows goals of the Twenty Year Plan for synthetic materials together with the target for production of fertilizers, which is a second area of emphasis. Planned production of fertilizers in 1980 would permit application of 500 kilograms per sown hectare, 5/ three times the present rate of application in the US and nine times greater than the present use in the USSR.

Petroleum and natural gas will be of increasing importance as raw materials for production of synthetics and fertilizers. For example, these two materials are to provide the basis for 85 to 88 percent of the total output of plastics, 95 to 98 percent of the output of synthetic rubber, and 60 to 65 percent of the output of chemical fibers by 1980. 6/

Selected Goals of the Soviet Chemical Industry
1965, 1970, and 1980

	Million Metric Tons			
	1960	1965 Plan	1970 Plan	1980 Plan
Mineral fertilizers	13.9	35*	77	125 to 135
Resins and plastics	0.332	1.8**	5.3	19.0 to 21.0
Artificial and synthetic fibers	0.211	0.666	1.35	3.0 to 3.3
Synthetic rubber	0.350**	0.790**	N.A.	3.5 to 4.0**

*Original Seven Year Plan. Recent information suggests that the plan has been raised to 37.7 million tons. 7/

**Estimated.

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